

**GOVERNMENT OF INDIA
MINES
LOK SABHA**

UNSTARRED QUESTION NO:52
ANSWERED ON:02.02.2017
Review of Auction System of Mines
Venugopal Dr. Ponnusamy

Will the Minister of MINES be pleased to state:

- (a) whether Federation of India Mineral Industries has requested in-principle nod for mines before auction, if so, the details thereof and the reasons therefor;
- (b) whether any suggestions have been received to analyse and review the existing auctioning system in terms of reserve price, quality of exploration data and hastening the process for statutory clearances besides non linkage with the end use industry, if so, the details thereof; and
- (c) the action taken/to be taken by the Government in this regard?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER, COAL, NEW & RENEWABLE ENERGY AND MINES (SHRI PIYUSH GOYAL)

(a) to (c): Suggestions have been received from the Federation of Indian Mineral Industries (FIMI) for a larger and active participation in the auctioning of the mineral blocks. In this regard, FIMI has suggested that there is a need to analyse and review the existing auctioning system particularly in terms of reserve price, quality of exploration data and assurance for hastening the process for statutory clearances besides non-linkage with the end use industry.

The two stage bidding procedure as laid down in the Mineral (Auction) Rules, 2015, is a dynamic process with in built solutions for each possible eventuality, including the lack of requisite number of bidders. In the event of not getting the requisite number of technically qualified bidders even after two rounds of auction, the state government is empowered to continue the bidding process, in the third and subsequent round, without meeting the requirement of three minimum bids.

For quality of exploration data the MMDR Act, 1957, explicitly provides for establishment of mineralization before grant of mineral concessions in terms with the parameters prescribed in the Minerals (Evidence of Mineral Contents) Rules, 2015. Where the evidence of mineralization is not of the prescribed standard, the MMDR Act provides for grant of a 'prospecting licence-cum-mining lease'.

To facilitate the concerned states to expedite various clearances/ approvals required for making operational the successfully auctioned getting mines, an inter-ministerial group has been set-up and is meeting regularly.

Reservation of mineral blocks for a particular end use is not mandatory condition and the state governments at their discretion may reserve a particular mine or mines for any particular end use.

In accordance with the auction framework put in place by the Ministry of Mines, so far 21 mineral blocks with estimated value of reserves being over Rs. 93,000 Cr have been auctioned by states. Through these auctions, states are expected to get an additional revenue of over Rs. 57,500 Cr during the lease period. Results of auction so far validate the auction procedure put in place. Hence, the Ministry does not intend to amend the provisions of the MMDR Act, 1957, with regard to any of the provisions above.
